

THE VETERANS' PREFERENCE POLICY CAN HELP RATHER THAN HURT MERIT-BASED AND  
DIVERSIFIED RECRUITMENT IN THE FEDERAL WORKFORCE

by  
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## **Abstract**

Officials from the U.S. Department of Defense (DOD), the largest federal employer of veterans, recently initiated actions with the Senate Armed Services Committee. They sought to scale back the advantage veterans are afforded when being considered for federal civilian jobs. The DOD officials' premise was that veterans' preference has contributed to a skills deficit in the department by hiring veterans not adequately qualified to do the jobs for which they are hired. These actions re-ignited a long standing debate over the implications of the federal government's veterans' preference hiring policy. They also prompted a response by the Senate Armed Forces Committee to propose changing the policy.

This effort examined the policy framework and how veterans' preference is administered across the federal executive branch. It utilized a variety of data points and best practices documented by the principal agencies responsible; the U.S. Office of Personnel Management (OPM), U.S. Department of Labor (DOL), U.S. Department of Veterans Affairs (VA) and a number of other executive agencies to compare approaches to administering veteran's preference.

This analysis yielded a proposal which drew on the Obama administration's (Executive Order 13518) efforts to improve veterans' hiring in the federal civilian sectors. It explores the lessons learned from efforts to improve personnel outcomes that are more merit-based and diverse while still encouraging the appointment of veterans. Noting the broad support the hiring policy enjoys by the current administration, lawmakers in both

chambers of congress of congress, and the public at large, recommendations are made for policymakers to convene collaborative efforts with the requisite stakeholders to mitigate some of the unintended consequences of the policy, while retaining the benefits to veterans and the federal government.

**Advisor:** Prof. Paul Weinstein

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**MEMO** to John McCain

Chairman, Senate **Armed Services Committee**

**From:** Pelham VanCooten

**Subject:** The veterans' preference policy can help rather than hurt diversified and merit based recruitment in the federal workforce.

**Date:** 05/31/2018

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**Action Forcing Event**

The U.S. Senate recently voted on a proposal to scale back hiring advantages for veterans applying for federal jobs. Reports are that this push originated with Pentagon officials who reportedly expressed concern that too many qualified non-veterans are being shut out of federal jobs in favor of veterans who may not be qualified for some of the roles they fill.<sup>1</sup>

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<sup>1</sup> Rein, Lisa. "At Urging of Pentagon, Senate Votes to Scale Back Hiring Preferences for Vets." The Washington Post, June 20, 2016. Accessed October 23, 2017. [http://www.highbeam.com/doc/1P2-39763186.html?refid=easy\\_hf](http://www.highbeam.com/doc/1P2-39763186.html?refid=easy_hf).

## Statement of the Problem

Veterans' preference as we know it today is essentially the version of the policy framed as the Veterans' Preference Act of 1944. It was amended and is codified in various provisions of title 5, United States Code (USC). According to this law, veterans who are disabled or who served on active duty in the Armed Forces during certain specified periods or in military campaigns are entitled to preference over others in hiring and in retention during reductions in force.<sup>2</sup> Critics of this policy have argued that the practice of showing veterans preferential treatment in hiring is at odds with the federal government's personnel management principles to ensure fair and open recruitment, competition and employment practices free of political influence or other non-merit factors.<sup>3</sup> Veterans' preference is believed to have resulted in outcomes where white men for instance are hired in greater numbers than women, African Americans, Asians, gays, and immigrants.<sup>4</sup> The policy is criticized for resulting in less than efficient outcomes for the federal workforce. Recruitment of veterans is often regarded as less merit based and a contributor to the degradation of the skill level in the executive branch.

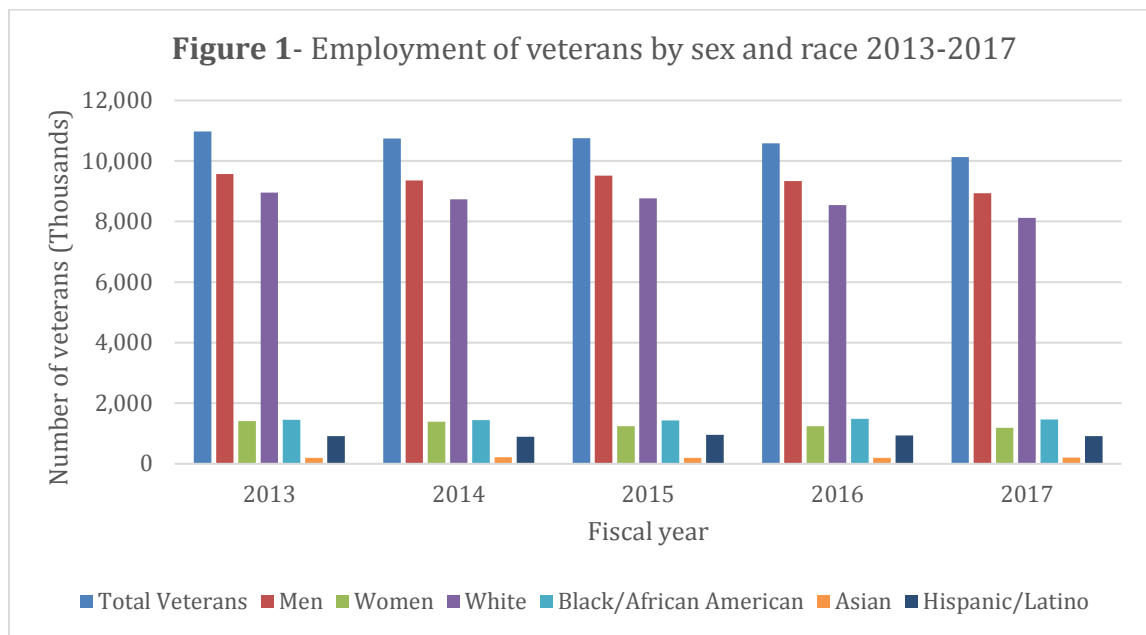
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<sup>2</sup> "Veterans Services Vet Guide." U.S. Office of Personnel Management. <http://www.opm.gov/policy-data-oversight/veterans-services/vet-guide>. Accessed: 01/24/2018

<sup>3</sup> "Performance Management Reference Materials." U.S. Office of Personnel Management. <http://www.opm.gov/policy-data-oversight/performance-management/reference-materials/>.

<sup>4</sup> Lewis, G. B. "The Impact of Veterans Preference on the Composition and Quality of the Federal Civil Service." *Journal of Public Administration Research and Theory* 23, no. 2 (2012): 247-65.

The chart below shows data collected between fiscal year 2013-2017.<sup>5</sup> In general, veterans comprised almost one-third (31%) of the federal civilian sector and more than a quarter (about 26.6%) of federal employees were hired with preference.<sup>6</sup> While on average, about 31% of all new hires were veterans, approximately 80.5% of all veterans hired were males, relative to the 45.7% of all non-veteran hires who are male. During fiscal year 2013-2017 between 83%-88% of veterans hired were White, and about 13% were Black/African Americans. Asian Americans comprised about 1%-2%, while Hispanic Americans were about 8%. An earlier report by the Government Accountability Office (GAO) identified similar findings that women and minorities benefit disproportionately less than white males in areas affected by programs under veterans' preference.<sup>7</sup>



<sup>5</sup> "Employment Situation of Veterans Summary 2013-2017." U.S. Department of Labor - Bureau of Labor Statistics. March 22, 2014-2018. <https://www.bls.gov/news.release/vet.nr0.htm>.

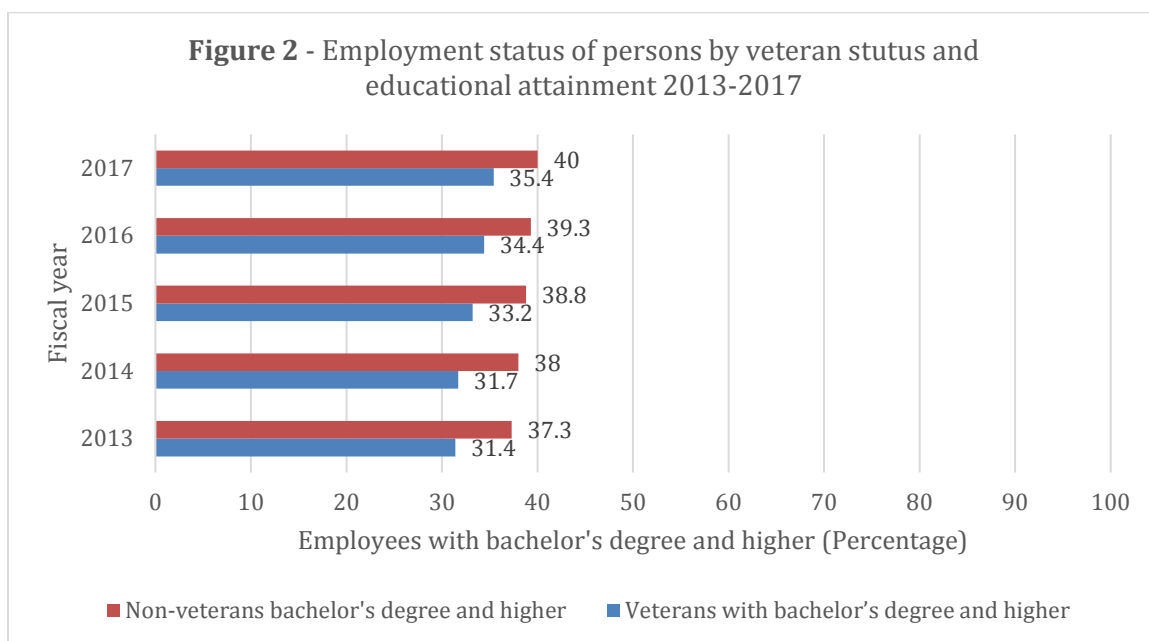
<sup>6</sup> "Employment of Veterans in the Federal Executive Branch." US Office of Personnel Management. September 2016. <https://www.fedshirevets.gov/hire/hrp/reports/EmploymentOfVets-FY16.pdf>.

<sup>7</sup> "Veterans Preference: Data on Employment of Veterans." Government Accountability Office. February 1996. <https://www.gao.gov/assets/230/222002.pdf>.



**Source:** Table 1 – Employment Situation of Veterans Summary 2013-2017, U.S. Department of Labor - Bureau of Labor Statistics

The claims made by DOD officials were initially documented by the GAO analysis. It posited that Veterans' preference limits job opportunities for people who are not veterans. The American Legion and other veterans advocate organizations pushed back on these findings, questioning the policy and/or political objectives of the Pentagon on this move.



**Source:** Table 3 – Employment Situation of Veterans Summary 2013-2017, U.S. Department of Labor - Bureau of Labor Statistics

The data above sourced from **Table 3 – Employment Situation of Veterans Summary** extracts the percentage of veterans and nonveterans hired with a bachelor's degree or more and compare them. Each consecutive year the percentage of veterans with one or more degrees lag behind the percentage of nonveterans with higher degrees. These

percentages range from about 4.5% to 7% over the five year period. Consider however, that annually about 1/3 of federal hires are veterans relative to about 2/3 who are nonveterans. This data therefore does not support the claim that veterans are acutely less qualified. Granted, an analysis of field specific qualifications may yield a different outcome. These indictments of the policy however, have fueled the debate over fairness and perceptions of ineffectiveness and inefficiency in administering veterans' preference. In particular, the Merit Systems Protection Board<sup>8</sup> (MSPB) reported that convoluted rules related to veterans' preference hiring have lent themselves to the perception that "unfair and preferential treatment" are shown to veterans.<sup>9</sup>

"Veterans' preference," effectively became law after the Civil War. With the passage of time, various administrations have modified legislation and issued executive orders further enshrining the policy into public sector hiring practices. Veterans' preference is among the primary avenues through which the US government shows its gratitude to veterans who have served honorably. Veterans are shown preference in recruitment and retention in the federal labor force.<sup>10</sup>

Federal agencies are attempting to meet human capital needs, while competing with the private sector for critical skills. In so doing, they must adopt recruitment and

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<sup>8</sup> The Merit Systems Protection Board is an independent, quasi-judicial agency in the Executive branch that serves as the guardian of Federal merit systems. The Board was established by Reorganization Plan No. 2 of 1978, which was codified by the Civil Service Reform Act of 1978 (CSRA), Public Law No. 95-454. <https://www.mspb.gov/About/about.htm>

<sup>9</sup> Katz, Eric. "How Veterans' Preference Laws Are Dragging Down Federal Hiring - 08/27/2014." The Merit Systems Protection Board. August 20, 2014. <https://www.mspb.gov/About/about.htm>

<sup>10</sup> Lewis, Gregory B. "Analysis: The Civil Service's Preference for Hiring Military Vets Comes at a Hidden Cost." Government Executive. May 2017. <http://www.govexec.com/pay-benefits/2017/05/analysis-civil-services-preference-hiring-military-vets-comes-hidden-cost/138049/>.

retention policies that are flexible, but help meet policy requirements of hiring on merits. The very notion of “preference” therefore seems in stark contradiction to the principle of merit. Is federal hiring practice efficient in the allocation of labor resources when about one-third of the force was appointed by preference instead of the merit screening/selection process?

## **History/Background**

### Veterans’ Preference: The legislative basis and framework

Before there was any legal basis for veterans’ preference, veterans who served in the nation’s wars were rewarded for their service in a number of ways by the federal government. War veterans were provided hospitalization for injuries, bonuses for service, disability allowances, and pensions. The first significant piece of veterans’ benefits legislation was passed towards the end of the Civil War. The U.S. Congress penned into law its commitment to veterans in 1865. President Lincoln, during his second inaugural address, appealed to the Congress to “...*care for him who shall have borne the battle and for his widow, and his orphan.*”<sup>11</sup> The House of Representatives and Senate, in response, issued the first joint resolution. It instructed federal agencies to show disabled veterans preferential appointments to civil service positions. The legislation explained that “*persons honorably discharged from the military or naval service by reason of disability resulting from wounds or sickness incurred in the line of*

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<sup>11</sup> “VA History In Brief - US Department of Veterans Affairs.” 2006.  
[https://www.va.gov/opa/publications/archives/docs/history\\_in\\_brief.pdf](https://www.va.gov/opa/publications/archives/docs/history_in_brief.pdf). \*\*\* This is a secondary source from which this quote was drawn. The primary source could not be verified.

*duty shall be preferred for appointments to civil offices, provided they are found to possess the business capacity necessary for the proper discharge of the duties of such offices.”<sup>12</sup>*

Preference in hiring veterans for federal positions however came about more recently and continues to be viewed as one of the principal avenues through which a grateful nation can assist in re-integrating men and women after they have done the nation’s bid in military service. Federal hiring preference policy has been modified over time by a series of executive actions and congressional amendments. As the legislation has expanded, there have been numerous attempts to dismantle veterans’ preference. Despite the many litigation challenges, the courts have upheld the law, reiterating its legitimacy and constitutionality.<sup>13</sup>

#### How has the policy evolved?

**Table 1** - *Timeline of Five Significant Changes to Veterans’ Preference in the Federal Civil Service since becoming law*

<b>1865</b>	First veterans’ preference appointment law for Union veterans separated for wounds or illnesses. Veterans had to have been honorably discharged to qualify for preference.
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<sup>12</sup> "Veterans Services - Vets Guide." U.S. Office of Personnel Management. Accessed February 08, 2018. <https://www.opm.gov/policy-data-oversight/veterans-services/vet-guide-for-hr-professionals/>.

<sup>13</sup> Hoogenboom, Ari. *Outlawing the Spoils: A History of the Civil Service Reform Movement, 1865-1883*. Urbana, IL: University of Illinois Press, 1961.

<b>1919</b>	Post World War I law grants veterans' preference to all honorably discharged veterans and extended the benefit to their widows, and the spouses of veterans too disabled to work.
<b>1944</b>	Veterans' Preference Act incorporates 1865, 1876, and 1919 laws. It combines those rules with provisions from Executive Order 5610 —Amendment of the Civil Service Rules Relating to Veterans' Preference - for extra points, passover protection, and rule of three. The 1944 law continues to be cornerstone of veterans' civil service legislation today.
<b>1967</b>	Expanded 1944 act to all veterans who served on active duty for more than 180 days (no requirement to serve during a war, a campaign, or conflict).
<b>1978</b>	Civil Service Reform Act created new benefits for thirty percent (30%) or more disabled veterans. Created special appointing authority and additional protection for the hiring and retention of veterans. The amendment also ended preference for non-disabled retired majors/commander (O-5) and above. Efforts to broaden rule of three and make exceptions to numerical ratings in examinations were defeated by veterans groups.

The timeline highlights some of the notable changes to veterans' preference laws over time that has culminated to the patchwork of legislation in place in the modern public sector. Public policy analysts seem to concur that veterans' preference as a public policy is here to stay, in some shape or form.<sup>14</sup> Administration after administration has demonstrated and reiterated the federal government's commitment to providing the requisite support to veterans, in this matter. The expansions in the 1944 law went a far way in demonstrating that commitment. Specifically, the law added ten points to the test scores of disabled veterans or their widows or wives, and five points to the test scores of other war veterans. Most federal positions were filled based on civil service examinations. The points often helped elevate veterans to the top of candidate pools. Agencies had to hire from the top three candidates (the rule of three) for a position. Agencies were then required to justify in writing a decision to not select a competing veteran. The Veterans Readjustment Assistance Act of 1971, an amendment to the 1944 law expanded benefits by extending non-competitive preference to veterans on-boarding in GS grades one through five.

More recently, the Obama Administration made it a top priority to honor veterans for their service and sacrifices. The administration expanded the federal government's role in creating employment opportunities for veterans in the federal civilian sector.

Executive Order 13518 laid out three objectives;

(i) For the government to do more to honor its commitment to veterans,

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<sup>14</sup> Neal, Jeff. "Let's Talk About Veteran Preference." ChiefHRO.com. June 21, 2016. <https://chiefhro.com/2016/06/23/lets-talk-about-veteran-preference/>.

- (ii) For the government to employ the skills and training of veterans, and
- (iii) For the government to lead the charge in employing veterans.

This executive order also created the Council for Veterans Employment to assist and advise the president and the Director of the US Office of Personnel Management (OPM) in coordinating a government-wide effort to increase recruitment of veterans by the federal government. The effort, dubbed the Veterans Employment Initiative (VEI), mandated the implementation of the Strategic Plan for Government-wide Veterans Recruitment and Employment.<sup>15</sup> Further, Section 2108 of title 5, United States Code (USC) defines the preferences eligible veterans receive when considered for new appointments. The policy does not guarantee veterans a job. But despite its many layers of complexity often puts veterans in the more advantageous position during the screening and selection process.<sup>16</sup>

The layers of congressional and executive actions give some indication about the willingness of lawmakers to address any shortcomings of the policy. It was in the 1871 amendment that contained the initial mention of the "suitability" requirements for job seeking veterans.

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<sup>15</sup> "House Committee on Veterans Affairs | Home." U.S. OFFICE OF PERSONNEL MANAGEMENT. April 20, 2016. <https://www.opm.gov/news/testimony/114th-congress/a-review-of-veterans-preference-in-federal-government-hiring.pdf>.

<sup>16</sup> Lewis, Gregory B. "Impact of Veterans' Preference on the Composition and Quality of the Federal Civil Service | Journal of Public Administration Research and Theory | Oxford Academic." OUP Academic. October 15, 2013. <https://academic.oup.com/jpart/article/23/2/247/1000440/The-Impact-of-Veterans-Preference-on-the>.

### The current dilemma

The framers of the policy, while strengthening preferential hiring for veterans, did not overlook the federal governments overarching goal of promoting efficiency in personnel/human resource outcomes. The policy instructs that hiring decisions be made on the basis of the fitness of candidates with respect to age, health, character, knowledge, skills and ability for the area of work. Despite the many amendments, critics of the current policy framework often refer to a number of merits comparing veteran personnel attributes and patterns to those of non-veterans. The **Table 2** below summaries the results of the study cited in footnote 16\*, *"Impact of Veterans' Preference on the Composition and Quality of the Federal Civil Service."* It identifies the researcher's classification of perceived costs and benefits to the federal workforce as a result of veterans' preference.

**Table 2 – Cost-Benefit Comparisons of Veterans Preference**

<b>Costs</b>	<b>Benefits</b>
Veterans' preference undermines a number of the other hiring authorities aimed at attracting skilled labor such as Outstanding Scholar Program (OSP).	Increases in the overall percentages of veterans hired by the federal government.
Veterans' preference appears to negatively impact the hiring of minorities; women, gay, Latinos, African Americans, naturalized citizens, etc.	Veterans' preference status makes more difference for women and minorities seeking federal jobs.
It contributes to the lowering of the educational level of the federal service. Veterans are typically older and generally less educated than non-veterans (veterans are more likely to have graduated high school and less likely than non-veterans to have graduated college.) 53.5% non-vets graduated college while 33.3% vet grad college in 1999.	Veterans are slightly more likely than non-vets to hold a state or local government jobs.



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Veterans tend to receive lower performance ratings and fewer promotions later in career than non-veterans.

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Consistent finding that veterans earn less than comparable non-veterans. This suggests that the government under-employs veteran talent.

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Veterans' preference seems to value experience over educational level. This trend may affect productivity in federal service.

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Veterans' preference applied at entry to the federal service, places individuals of lower ability into jobs for which they would otherwise not qualify.

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While the findings highlight a number of salient observations about the impact of the policy, the above comparison seems to suggest that the policy is far less effective in meeting federal personnel objectives. Lewis argued that achieving some of the “commonly recognized goals of the federal personnel system of increasing the quality, equity, diversity, representativeness, responsiveness, and managerial effectiveness of the civil service...” are at odds with veterans' preference. These observations however, ignore the fact that veterans represent a pool of skills in which the federal government, at some point, invested considerable resources in training and professional development. Veterans bring a range of skills and a commitment to public service that can be honed for continued service in the federal civilian sector. It also ignores that despite the goals of the federal government as an employer, this entity has a range of other social and political goals. The moral obligation the national feels for addressing some of the challenges veterans face translate into this mandate to show veterans

preference in hiring. As of September, 2017, veterans comprised about one-third (31.1 percent) of the total federal workforce.<sup>17</sup> But while every veteran employed in the government may not have been hired through preference, a system where approximately one-third of the labor force was hired through a mechanism of preferential appointments is bound to create perceptions of impropriety in hiring practices.

In general, therefore, veterans' preference continues to accomplish its objective by giving a head start to men and women returning from military service.<sup>18</sup> The issue therefore appears not to be whether the lawmakers should continue this policy, but how best to administer veterans' preference in a way that it maximizes the benefits to the federal government as a major employer, while also maximizing the benefits to veterans.

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<sup>17</sup> "News Release: OPM Releases Veteran Employment Data." U.S. Office of Personnel Management. September 2017. <http://www.opm.gov/news/releases/2017/09/opm-releases-veteran-employment-data/>.

<sup>18</sup> Lewis, Gregory B., and Mark A. Emmert. "Who Pays for Veterans Preference?" *Administration & Society* 16, No. 3 (November 1984): 328-45.

## **Description of Policy Proposal**

There already exists a formidable policy framework of congressional and executive actions related to veterans' preference. These have resulted in a number of hiring authorities from the Uniformed Services Employment and Reemployment Rights Act (USERRA) to Veterans' Recruitment Appointment (VRA). Additional authorization tools are not required to implement change. What is required is a targeted and sustained effort to streamline the workings of an operational infrastructure that already exists to improve veterans hiring. The goal of this proposal therefore is to put forward an approach that fine-tunes and strengthens the Government-wide Veterans' Recruitment and Employment Strategic Plan<sup>19</sup> so that it lends itself to more diverse and merit-based outcomes in the federal workplace.

The strategic plan focused on five comprehensive areas. This proposal identifies the broad areas suggested by the strategic plan, but condenses them down to four general areas. It then suggests sustainable alternatives for improving aspects of how the veterans' recruitment apparatus within federal agencies currently works. The areas addressed in this proposal are in direct response to the key barriers identified by OPM as inhibiting the efficacy of veterans' preference in the areas where it is most criticized. These barriers include:

- Lack of leadership in highlighting the value and importance of hiring veterans;

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<sup>19</sup> The VEI refers to a comprehensive program that aims to: 1) Improve recruitment of veterans throughout the federal government; 2) Increase the use of applicable hiring authorities for veterans, and 3) Boost retention of veterans across federal departments and agencies.

- Infrastructure that is lackluster in support and advocacy of veterans' employment within Federal agencies;
- Human resource (HR) professionals and hiring officials with less than working understanding of veterans' preference and use of special hiring authorities;
- Veterans and transitioning service members who are unclear about veterans' preference and the federal hiring process; and
- No consistent systems to match veterans' skills and education to positions within the civil sector.<sup>20</sup>

Key goals of the proposal therefore:

- **Leadership Interest and Commitment** – To encourage accountability among leadership around advocacy of the value and importance of hiring veterans;
- **Skills Development** – To help guide veterans to align and translate their skills to civil service roles;
- **Employment** – To improve the opportunities for veterans to find federal employment;
- **Marketing:**
  - To promote skills and dedication veterans bring as essential to the mission and objectives;
  - To ensure veterans view the federal government as an employer of choice;

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<sup>20</sup> "The Government-wide Veterans' Recruitment and Employment Strategic Plan for FY 2010-FY 2012." The U.S. Office of Personnel Management (OPM) - Feds Hire Vets. January 2010. [https://www.fedshirevets.gov/pdf/Vets\\_Initiative\\_Strategic\\_Plan.pdf](https://www.fedshirevets.gov/pdf/Vets_Initiative_Strategic_Plan.pdf).

- To ensure all stakeholder receive accurate and consistent information regarding the federal employment of veterans.

### **Proposal Implementation Hierarchy**

The Council on Veterans Employment (CVE) was established to advise and assist the President with improving employment opportunities for veterans in the federal government. The Council consists the Director of OPM and is co-chaired by the Secretaries of the Department of Labor (DOL) and Veterans Affairs (VA). There are twenty-four federal agencies represented on the Council. Within each of those agencies, there should be a Veterans Employment Program Office (VEPO). These offices are mandated to support the Veterans' Employment Initiative (VEI) by providing employment assistance to veterans at the agency level. Further, depending on the size of agencies, bureaus within the agencies are designated a Veteran Employment Representative (VER). The VEPOs and VERs are required to provide a range of support services to transitioning service members, and other veterans – including disabled veterans – and their family members seeking guidance on federal employment. The hierarchy provides an appropriate venue through which to effect change in the policy. VEPOs and VERs are also positioned to establish key relationships with counterparts in other federal agencies as well as players in state and local organizations with an interest in helping veterans find employment. These include Department of Defense (DoD) – the largest federal employer of veterans, the service members transition programs on military bases, the state and county job-source programs.

### **Goals and Proposed Actions**

- **Leadership Interest and Commitment** – The agencies’ VEPOs endeavors to keep agency and bureau level leadership engaged with and accountable for veterans’ recruitment including bureau reporting.

**Table 3 – Leadership Interest and Commitment**

<b>Activities</b>	<b>Frequency &amp; Justification</b>	<b>Responsibility</b>
<b>Veterans’ Workforce Quarterly Review</b>	Routine/Quarterly – engagement in the form of a meeting/teleconference for Executives, Hiring Managers, Veterans’ Employment Reps. (VERS) and VEPO, etc. to review strategies/approaches/lessons learned.	Veterans’ Employment Coordinator
<b>The Managers’ Alert –</b> An e-newsletter circulated by senior executives within the Office of the Chief Human Capital Officer to managers and leaders throughout the agency on policies and issues germane to the office’s mission.	Monthly – <b>Managers’ Alert</b> will have wide reach at varying levels of the leadership hierarchy. Spot publications, dashboards, training and career development opportunities can help keep leaders sensitized to veterans’ employee issues.	VEPO Team
<b>Hiring Target Review:</b> Agencies veterans’ employment/hiring targets and performance goals.	Bi-weekly reporting from Human Resource (HR).	VEPO Team

USSERA and veterans' employment training – OPM requirement for hiring managers and HR professionals.	Annual requirement.	Deputy Assistant Secretary for Human Resources (DASHR)/VEPO Team follow-up
<b>"Be a Champion" –</b> An initiative designed to train hiring managers and HR professionals about the respective non-competitive hiring authorities and hiring practices. It will explain how these authorities work and feature testimonials of veterans who have been helped and have successfully transitioned to civilian employment.	Routine – Roadshow may be identified as an accountability tool used as a refresher/training vehicle for bureau's that do not meet periodic requirement on performance on Agency Veterans' hiring targets.	VEPO Team/Veterans Employment Coordinator (VEC)
<b>"Be a Champion"</b> Veterans' employment training incorporated into new managers' orientation.	Routinely	VERs

The activities described are various approaches that can be adopted to help improve engagement and accountability by leaders within federal agencies to act as advocates of veterans' preference.

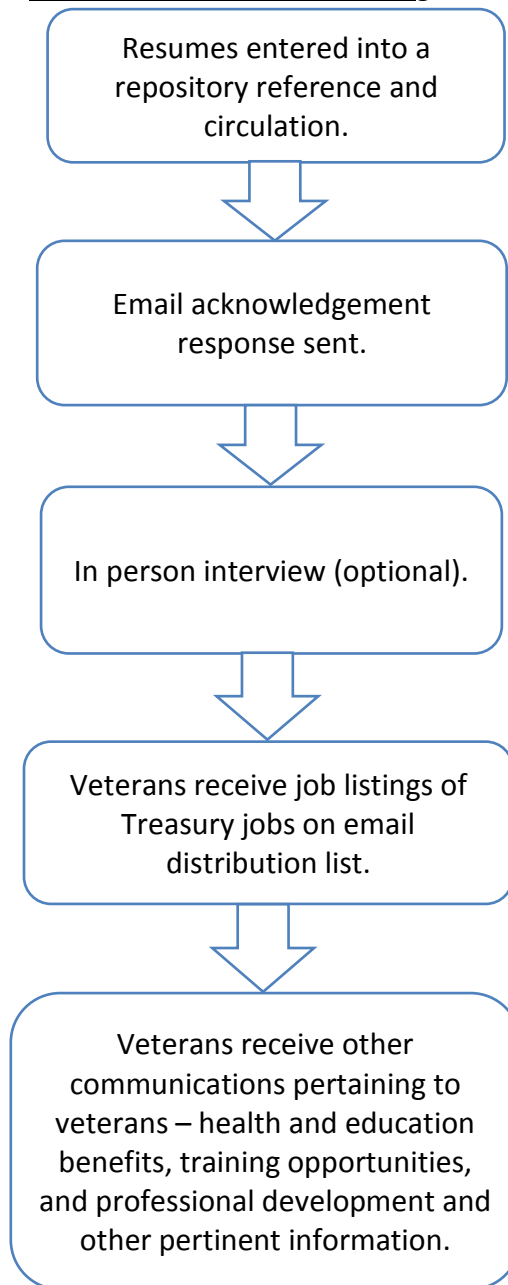
- **Skills Development** – To ensure that veterans are hired for roles that are suited to their skillsets and for which they qualify.

The resumes of veteran candidates should be screened in such a way that allows for better identification, alignment and translation of skills and professional work experiences to civil service roles. *(Refer to Figure 3 on page 20)*



**Current Process:**

**Figure 3 - Candidate Screening**



**Table 4 – Proposed Actions**

<b>Activities</b>	<b>Frequency &amp; Justification</b>	<b>Responsibility</b>
<b>Onboarding screening interview/discussion</b>	At intake: 1) Ask questions that give indication/assessment of knowledge, skills and abilities; 2) Work history/experience; 3) Short and long term career goals. This will help stimulate veterans to think more carefully about their career direction.	VEPO/ Veterans' Employment Coordinator (VEC).
<b>Tracking mechanism from on-boarding to placement</b>	Follow up by VEPO can create results oriented approach and instill accountability.	VEC
<b>A checklist of “Must Haves” – Do’s and Don’ts.</b>	A point-by-point tool that informs and reminds prospecting veterans about appropriate steps/best practices for successful entry into federal workforce.	VEPO/Team

- **Employment** – To improve the opportunities for veterans to successfully find federal employment.

**Table 5 – Current Actions**

<b>Activities</b>	<b>Frequency</b>
<b>Creating a skills pool of veteran talent. “Reservoir of resumes”</b>	- As veterans are referred to the VEPO their resumes and POC are recorded for future communications – email distro lists, etc.
<b>Referring veterans’ resumes to hiring managers</b>	- Hiring managers occasionally seek out the VEPO for suitable veterans to fill vacant roles.

How can the VEPO be a resource to help enhance the chances of veterans finding employment in the federal government?

**Table 6 – Proposed Actions**

<b>Activities</b>	<b>Frequency &amp; Justification</b>	<b>Responsibility</b>
<b>Job listing checking</b>	- Routinely checking resumes on file against weekly agency job updates can help identify suitable candidates for open roles.	VEPO/VEC
<b>Working relationship interaction and coordination with HR</b>	- Quarterly/Formalized communication. HR Specialists implement and enforce agency hiring decisions. They can be a useful resource in helping to guide veterans through prospecting and recruitment processes.	VEPO Team/Veterans’ Employee Resource Groups (VERG). <sup>21</sup>

<sup>21</sup> The Veteran Employee Resource Groups (VERG) operate throughout most executive agencies under various names. They are often located within the Office of Diversity and Inclusion and seeks veteran employee engagement, development, and proportionate representation at all levels of decision making hierarchy.

For most veterans seeking federal employment the introduction occurs at [www.usajobs.gov](http://www.usajobs.gov) and in most cases, end there, if a veteran is not hired. “USAJobs” ([www.usajobs.gov](http://www.usajobs.gov)) is perceived as cumbersome and time consuming. Most veterans are not aware of non-competitive hiring appointment and options such as internships as feasible entry points into federal employment. Unless veterans are specifically guided on how to provide clear and appropriate responses in USAJobs, it appears unhelpful in improving their chances of securing a job.

**- Marketing and Community Outreach –**

**Objective:**

- i. To ensure federal hiring officials view veteran skills and dedication as essential to the mission and objectives;
- ii. To ensure veterans view the federal government as an employer of choice.

**Table 7 – Current Actions**

<b>Current Actions</b>	<b>Frequency</b>	<b>Activities</b>
<b>Partnerships</b>	Ad Hoc	<ul style="list-style-type: none"> <li>- Job fairs;</li> <li>- Transition Assistance Program/Transition GPS workshops;</li> <li>- Collaborating with the bureau VERs</li> </ul>
<b>“Be a Champion”</b>	Occasional	Note: Currently being used as a training and marketing tool.

**Table 8 – Proposed Actions**

<b>Activities</b>	<b>Frequency &amp; Justification</b>	<b>Responsibility</b>
<b>Establishing ongoing Partnerships</b>	<ul style="list-style-type: none"> <li>- Routine interaction with and participation on military base sponsored Transition Assistance Program/Transition GPS workshops;</li> <li>- Inter-agency ERG networks;</li> <li>- Veterans’ re-employment resource panels;</li> <li>- Veterans’ resume writing training events.</li> </ul>	VEPO Team/VERG
<b>Host an information booth at Treasury-wide training/seminar events</b>	<ul style="list-style-type: none"> <li>- Forums and various events hosted by other Employee Resource Groups and program offices with the agency provide and avenue to showcase and increase awareness of its work and mission.</li> </ul>	VEPO Team/VERG
<b>“Word of mouth”/“Vet2Vet” outreach - (Veteran to veteran)</b>	<ul style="list-style-type: none"> <li>- During monthly/periodic encourage veterans to share with other prospecting veteran employees, the work of the VEPO and the VERG.</li> </ul>	VERG
<b>Department of Veterans Affairs (VA) &amp; Department of Labor (DOL) networking</b>	<ul style="list-style-type: none"> <li>- Strengthen/formalize a functional communications channel with the VA and DOL.</li> <li>- Collaborate with VA &amp; DOL for training and other resources for veteran transitioning.</li> </ul>	VERG/VEPO Team

**Additional Considerations:**

The federal government spends millions of dollars in training, professional development and honing leadership skills in military service members. When service members

transition out of the military, they do so with those skill sets. It is a cost effective decision for the federal government to hire veterans to continue their service in the federal civilian sector.

Further, this general approach to attracting and recruiting veterans is intended to represent a departure from traditional ways of interfacing with veterans and the community. This approach stresses stronger engagement and outreach. It emphasizes agency representation and visibility. Knowledgeable personnel passionate about helping veterans navigate the unpredictable waters of the transition process by securing employment is critical. Veterans' preference hiring has often been criticized for undermining the equality goal of federal personnel management principles by favoring some groups. The military has had a certain ethnic demographic make-up for some time, dominated by white males. The veteran population transitioning from the military therefore reflects that ethnic demography. To address this concern, recruitment strategies should be inclusive of all groups as mandated by law. Qualified, patriotic veterans desiring to continue service to country are in the labor market. But they may never be reached and tapped for federal civilian service because they are unaware of the appropriate channels to reach federal hiring managers.

### **Paying for the Proposal**

At the heart of the debate about the effectiveness of the veterans' preference policy is the concern by average Americans and lawmakers alike. They want to help improve the

well-being of the men and women who fought America's wars.<sup>22</sup> According to the FY2018 Congressional Budget Justification - Veterans' Employment and Training Service (VETS) program,<sup>23</sup> some \$234,558,000 is being appropriated this fiscal year. The major programs funded to facilitate veterans hiring are identified in the table below.<sup>24</sup>

**Table 9 – Snapshot of Veterans' Employment and Training Service (VETS) Appropriated Funds**

<b>Program Description</b>	<b>Appropriated Funds (\$)</b>
Jobs for Veterans State Grants	174,667,000
Transition Assistance Program (TGPS)	16,073,000
Homeless Veterans' Reintegration Program	40,410,000
National Veterans' Training Institute	3,408,000
Federal enforcement of the Uniformed Services Employment and Reemployment Rights Act (USERRA) of 1994	45,037,000

The price tag and its requisite allotments were sourced from the DOL, and represented a fraction of the resources invested in assisting veterans reintegrate. The table demonstrates that veterans' preference hiring is an integrated set of programs aimed at helping veterans re-enter the civilian job market. While they all share similar overarching objective, execution has varied. OPM indicates that individual agencies designate varying amount of resources depending on their respective budgets and

<sup>22</sup> "Fiscal Year 2018 / Fiscal Year 2016 Annual Performance Plan and Report." Department of Veterans Affairs. <https://www.va.gov/budget/docs/VAapprFY2018.pdf>.

<sup>23</sup> Veterans' Employment and Training Service (VETS) administers a group of programs aimed at addressing the employment, training, and job search and security needs of veterans. VETS is part of an integrated veterans' employment, training, and employment efforts by the Department of Labor. Eligible veterans and their spouses are assisted with employment and training services.

<sup>24</sup> "FY 2018 Congressional Budget Justification for Veterans' Employment and Training Service" U.S. Department of Labor. 2016. <https://www.dol.gov/sites/default/files/CBJ-2018-V3-05.pdf>

strategic plans. Additionally, the President has proposed in his fiscal year 2019 budget an additional \$12.1 billion increase – more than the 2018 budget to ensure veterans receive the services they need.<sup>25</sup> This however, includes education, healthcare and a range of other services. But in this constrained budgetary environment, this proposal seeks to avoid requesting additional budgetary appropriations. Instead, advises it advises more efficient use of the currently allotted resource.

During implementation, individual agencies relocated personnel from across various internal program offices to set up Veterans' Employment Program Offices (VEPOs). In most cases, the VEPOs were set up under the Equal Employment Opportunity (EEO) office.

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<sup>25</sup> "President Trump Seeks \$12B Increase in FY2019 VA Budget to Support Nation's Veterans" U.S. Department of Veterans Affairs - Office of Public and Intergovernmental Affairs. News Release. February 12, 2018. <https://www.va.gov/opa/pressrel/pressrelease.cfm?id=4007>.



## Policy Analysis

*"...The executive branch employed almost 12,000 more veterans in fiscal 2016... but vets earned on average \$11,000 less than non-veterans."* – Jack Corrigan, Government Executive.<sup>26</sup>

In part, the rationale that buttressed the request by Pentagon officials to have veterans' preference scaled back was that many veterans were being awarded positions for which they were not adequately qualified. The same report cited also indicated that differences in job type may account for much of the income disparity. Veterans, on average, earned significantly less than their counterparts with no military service. This finding immediately highlights either of two implications of Pentagon officials' argument. Firstly, it suggests that despite the presumed lack of adequate skills, veterans are recruited at potentially lower pay grades and hence paid less. Alternatively, it may reiterate that the job designations or roles for which veterans are hired are generally less critical, lower-skill, and lower on the pay scale than their non-veterans counterparts. OPM's reporting appears to support the latter. A modified version of The Employment Distribution by Occupational Category table from *Employment of Veterans in the Federal Executive Branch Fiscal Year 2016*<sup>27</sup> is displayed below. This OPM report provides employment data for about 97.8% of all federal employees and about 99.1% of all veterans employed by the federal government. It indicates that while about 27.63%

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<sup>26</sup> Corrigan, Jack. "Veterans in Government Made \$11,000 Less Than Non-Vets in 2016." Government Executive. September 13, 2017. <https://www.govexec.com/pay-benefits/2017/09/veterans-government-made-11000-less-non-vets-2016/140965/>.

<sup>27</sup> "Employment of Veterans in the Federal Executive Branch Fiscal Year 2016." U.S. Office of Personnel Management. September 2017. <https://www.fedshirevets.gov/hire/hrp/reports/EmploymentOfVets-FY16.pdf>.

of all federal employees are categorized as professional, less than half of that percentage of veterans (13.54%) are categorized as professional. Veterans in administrative positions are about 8% higher than the average of all federal employee entering the government in administrative positions. Less veterans than non-veterans work for the federal government in technical positions. Veterans however, work in higher numbers in clerical and other blue collar jobs than the average civil servant. These trends have held consistently for the previous two years of this reporting.

**Table 10 – Employment Distribution by Category FY 2016 (Percentage)**

<b>Category</b>	<b>All Employees</b>	<b>All Veterans</b>	<b>Disabled Veterans</b>
<b><i>Professional</i></b>	27.63%	13.54%	10.91%
<b><i>Administrative</i></b>	37.45%	45.11%	48.48%
<b><i>Technical</i></b>	17.39%	16.26%	16.84%
<b><i>Clerical</i></b>	5.14%	5.19%	6.82%
<b><i>Other White Collar<sup>28</sup></i></b>	4.01%	5.91%	4.27%
<b><i>Blue Collar</i></b>	8.38%	14.00%	12.68%

**Source:** Table 9 - The Employment Distribution by Occupational, *Employment of Veterans in the Federal Executive Branch Fiscal Year 2016*.

This pattern undermines the assertion by Pentagon officials and other critics of veterans' preference. Their position may be less grounded in fact. It may also represent an over simplification of the use of hiring authorities. Thus, by ignoring a number of other keys factors. Further, a closer look at the employment estimates by grade or

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<sup>28</sup> *Other White Collar: refers to white collar occupations that are not related to the above professional, administrative, technical, or clerical categories.*

salary group appears to reinforce the notion that on average veterans are hired at lower grades than other federal civilian employees. A modified version of that table below shows that while a small fraction of personnel come into the government as SES's (0.50%), an even smaller percentage of veterans do (0.20%). And an even smaller number of disabled veterans do (0.09%). While veterans are below the average employee recruited at the most junior grades (1-4), they exceed the average of the next two pay-scale categories, junior and mid-grade, (5-8) and (9-12) respectively. Alternatively, the numbers for veterans lag behind the average federal civilian employee employed at grades (13-15), in effect lagging behind the average in the four highest tiers of the pay-scale.

**Table 11 – Employment by Grade/Salary Group FY 2016 (Percentages)**

Category		Federal Civilian Workforce	Veterans	Disabled Veterans
<b>SES<sup>29</sup></b>		0.50%	0.22%	0.09%
	Grade 1-4	2.60%	1.68%	1.94%
	Grade 5-8	17.53%	19.27%	22.01%
	Grade 9-12	29.60%	33.05%	36.87%
	Grade 13-15	20.36%	16.24%	14.91%

**Source:** Table 8 - The Employment by Grade/Salary Group, *Employment of Veterans in the Federal Executive Branch Fiscal Year 2016*.

<sup>29</sup>SES – Senior Level/Executive Service (SES) refers to high level executive positions and are the government's more renowned researchers and program directors, and policy drivers.

<sup>30</sup> GS - Employees covered by the General Schedule classification and pay system established under the Classification Act of 1949. GM - Employees covered by the General Schedule classification and pay system who are covered by the Performance Management and Recognition System (PMRS). GL - Employees covered by the General Schedule classification and pay system who are law enforcement officers and who receive special base rates at grades 3-10.

### **How do the pillars stack up? Administrative and Technical Feasibility –**

The legal framework that legitimizes veterans' preference is formidable. As demonstrated earlier, a robust set of executive, legislative and judicial actions support this policy. The redefining of the policy goals that occurred with Executive Order 13518 - Veterans Employment Initiative (VEI) took shape under four areas of focus.

- Leadership Interest and Commitment;
- Skills Development;
- Employment; and
- Marketing.

In response to the executive order, a number of executive agencies drafted and implemented robust veterans' recruitment and retention strategies. To reiterate, OPM's reporting indicates that the number of veterans in the federal civilian sector has increased in recent years. This in large part is the objective of this policy effort. But while it may be effective in boosting recruitment, there are other areas where there are opportunities for improvement, for example retention efforts. OPM's Office of Strategy and Innovation/Data Analysis recommended that part of the strategy for improvement should include focusing on retention efforts – professional and career development initiatives. There are also opportunities to help dial back some of the negative perceptions about veterans in the federal government.

The U.S. Department of Energy (DOE) in particular, implemented a policy with a stated goal in its 2103-2014 report for 21.3% of all new hires to be veterans and 9.1% disabled

veterans.<sup>31</sup> In a 2018 memorandum the Chief Human Capital Officer (CHCO) reported that the agency would be increasing that goal for 25% of new hires to be veterans and 11% disabled veterans.<sup>32</sup> The memorandum also chronicled the agency's success in exceeding the previously set goals which resulted in the bump up of the target goal. Within the framework of the focus areas, the DOE also reported strengthening a number of areas identified in this policy proposal. In particular, specific attention is given to social media outreach, veterans employment network groups, military transitions centers on and off bases, and vocational rehabilitation facilities. Both OPM and the DOE concur that critical to the policy's success is the political will of senior leaders at the top of agencies to engage, including from the secretary, to SES's and HR specialists right on through the hierarchy. Specific emphasis is placed on providing training in the use of veteran hiring authorities and preference rules. The Nuclear Regulatory Commission (NRC) in its strategic reporting identified another key strategy in its success with attracting veterans to the NRC skills pool was retooling its marketing campaign by diversifying the media resources utilized and targeting efforts to specific critical occupational fields for critical skillsets<sup>33</sup>, for instance the Department of Homeland Security's (DHS) recruitment drive for Cyber Security Specialists in information technology fields. In brief, this reporting, similar to that of other agencies

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<sup>31</sup> "Veterans Employment Initiative - Operational Plan and Desktop Reference." Department of Energy. July 2013. <https://www.energy.gov/hc/operational-plan-and-desktop-reference-veterans-employment-initiative>.

<sup>32</sup> Mackey, Tonya M. "Policy Memoranda for Heads of Departmental Elements - Veterans Employment." Department of Energy. January 30, 2018. [https://www.energy.gov/sites/prod/files/2018/01/f47/2018-01-30\\_CHCO\\_Memo\\_Veteran\\_Employment\\_at\\_DOE\\_0.PDF](https://www.energy.gov/sites/prod/files/2018/01/f47/2018-01-30_CHCO_Memo_Veteran_Employment_at_DOE_0.PDF).

<sup>33</sup> "Veterans' Employment Initiative Operational Plan FY 2010 - 2012." U.S. Nuclear Regulatory Commission - Protecting People and the Environment. 2011. <https://www.nrc.gov/docs/ML1010/ML101090332.pdf>.

suggest that with the appropriate implementation approach, the human capital management infrastructure has the capacity to effectively implement and sustain this policy.

### **Effective, efficient, equitable?**

To the extent that the sole aim of veterans' hiring initiatives is to boost recruitment of veterans in the federal government, it has been effective. OPM reporting indicates in recent years the number of veterans hired by the federal has grown consecutively each year. The Department of Justice (DOJ), and DHS for example have demonstrated a capacity to consistently exceed the threshold (14% of all new hires should be veterans and 5.7% disabled veterans) set by OPM.<sup>34</sup>

This is attributable to the occupations these agencies typically hire for in large numbers such as law enforcement, criminal investigators, intelligence, and general inspection.

This single indicator however, cannot be the only measure of success. The same reporting has shown that veteran retention rates lag behind those of non-veterans across agencies and occupations, even in well performing agencies.

As noted, veterans' preference hiring authorities have often been perceived as and criticized for showing nepotism to veterans in the federal hiring process. Recall the premise of veterans' preference hiring. Veterans returning from military service are at a disadvantage. Veterans' preference hiring is intended to help mitigate that. "The government does not make promises to hire former troops who apply for any given

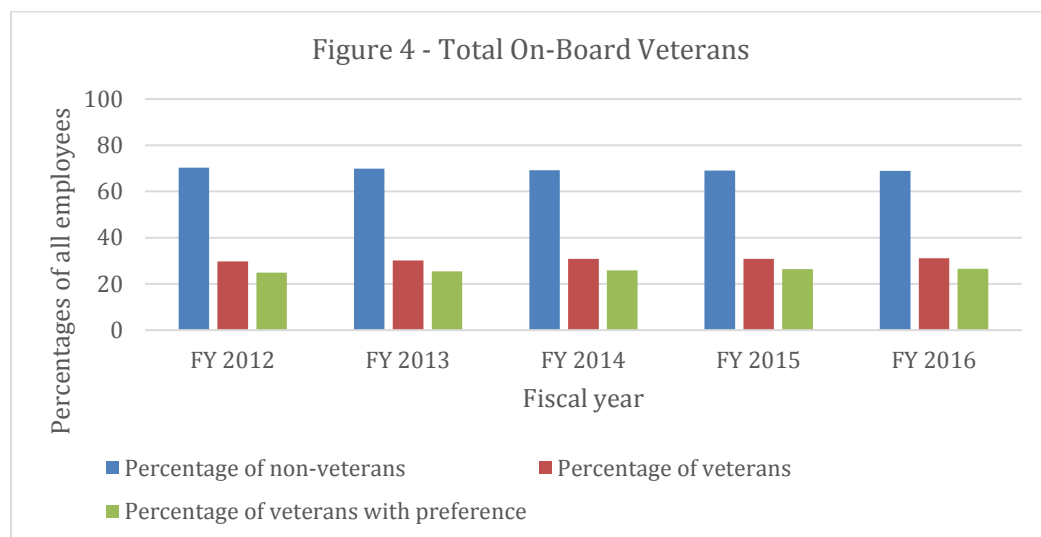
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<sup>34</sup> "Veterans Employment Performance." U.S. Office of Personnel Management. September 2017. Office of Strategy and Innovation/Data Analysis.

position. Veterans receive extra points (5-10), but other factors — including greater experience or qualifications — could give non-veterans an edge...”<sup>35</sup>

### Additional Considerations

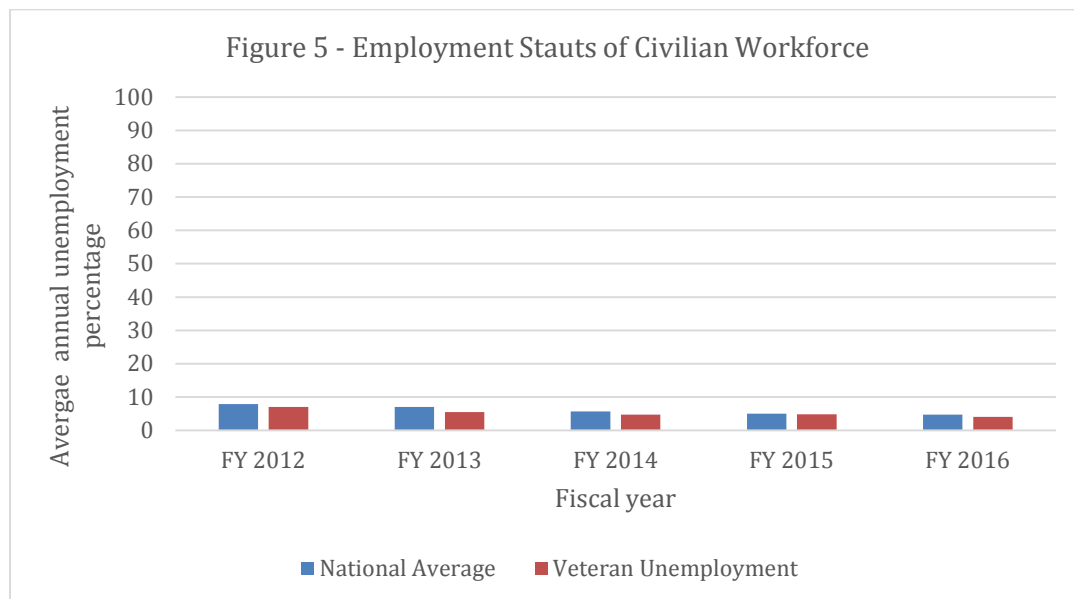
Over the past five years – 2012-2016, about one-third of all new hires into the federal government were veterans. The diagram below represents data from OPM’s reporting on the percentage of veterans and disabled veterans hired relative to non-veterans by fiscal year. It illustrates that the number of veterans hired with preference account for even less than the number of veterans hired. Not every veteran hired is granted preference. Non-veterans are recruited twice as much as veteran three times as much as veterans eligible for preference. This finding goes contrary to popular perception about on-boarding veterans in the civil service.



**Source:** Table 1 - Employment of Veterans in the Federal Executive Branch - Fiscal Year 2016

<sup>35</sup> Hicks, Josh. "Feds Talk: How Do You Feel about Veterans' Preference for Federal Hiring?" The Washington Post. April 14, 2014. <https://www.washingtonpost.com/news/federal-eye/wp/2014/04/14/feds-talk-how-do-you-feel-about-veterans-preference-for-federal-hiring/>.

Further, as of 2015 the Department of Veterans Affairs (VA) reported that about 7.3% of Americans were veterans, about 22 million. Over the past five years reflected in the diagram below **Table A-5** illustrates that relative to the size of the veteran population, the unemployment rates among veterans have trended consistently with national averages, ranging from about 7.9% to 4.1% over the five year period.<sup>36</sup> And while these numbers are national averages, the unemployment rates are higher within certain categories of veteran. Unemployment and lack of adequate income can adversely affect any family, but have had particularly devastating affects among veterans, especially when compounded with other challenges veterans face. These factors all reiterate the rationale behind federal actions to facilitate the employment of America's troops after they return home.



**Source:** Table A-5 – Household Data - Employment status of the civilian population 18 years and over by veteran status, period of service, and sex, not seasonally adjusted

<sup>36</sup> "The Employment Situation - December 2012 - 2016." Bureau of Labor Statistics - U.S. Department of Labor. December 2016. [https://www.bls.gov/news.release/archives/empst\\_01062017.pdf](https://www.bls.gov/news.release/archives/empst_01062017.pdf)



Moreover, homelessness has plagued the veteran community. The VA reported that veterans are overrepresented in homeless populations.<sup>37</sup> Recall, veterans make-up about 7-8% of the population nationally, but veterans comprise about 15.2% of the homeless population. This data, consistent with survey findings from the U.S. Department of Housing and Urban Development (HUD), also identified homeless veterans as having experienced higher incidences of adverse health conditions associated with increased risk of death. About a quarter of the homeless veteran population (27.3%) were tri-morbid – suffering from mental illness, physical illness, and substance abuse. Another 20.8% had received emergency room or inpatient care more than three times in the last year. Against this backdrop of difficult circumstances facing so many honorably discharged veterans, the underlying assumption of this and other veterans hiring initiatives is that employing eligible qualified veterans could help mitigate some of these social and economic ills.

### **Weaknesses in the OPM Approach**

The U.S. Office of Personnel Management (OPM) reported that the federal government employed over 10,000 veterans each successive year over the previous in recent years. Some agencies have hired more veterans than others and have generally done more to advocate a policy of support for veterans hiring. Others have not gone as far. The U.S. Department of Defense (DOD) and VA are the largest and second largest employers of veterans respectively. Those have both employed rigorous veterans employment

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<sup>37</sup> "DATA REPORT National Survey of Homeless Veterans in 100,000 Homes Campaign Communities." U.S. Department of Veterans Affairs. November 2011.  
[https://www.va.gov/homeless/docs/nationalsurveyofhomelessveterans\\_final.pdf](https://www.va.gov/homeless/docs/nationalsurveyofhomelessveterans_final.pdf).

initiatives. The same is not true of all federal agencies. Some of the observed weaknesses of how this policy was implemented therefore include:

- i) The lack of uniformity and consistency across agencies with respect to how they implemented the Veterans' Employment Initiative and previous veteran employment policies have resulted in lap-sided outcomes across agencies. To bridge this gap, OPM has recently put mechanisms in place for VEPO's within agencies to share best practices and lessons learned. The Council on Veterans Employment (CVE) adopted a model where agencies are mandated with reporting various performance measures and other requirements. The reports enter the database on OPM's website ([www.fedshirevets.gov](http://www.fedshirevets.gov)) and are accessible for intragroup review and comparison. These reporting requirements also encourage accountability and imposes a sense of responsibility for meeting targets. Prior to this, several barriers stood in the way of information sharing and collaboration.
- ii) There is a lack of documented quantifiable cost estimates of the veterans' employment initiative. OPM, DOL and VA all realize that there has not been any established comprehensive approach to quantifying the cost of creating VEPO's across agencies. Resources utilized within diversity and inclusion offices (the umbrella organization under which most VEPO's fall) to erect and sustain operations do not generate separate operating budgets. The specific cost however, associated with relocating personnel from various program offices to establish the VEPO's within agencies do not constitute specific

budget line items in program budgets. Appropriated funds for veterans' employment and training assistance are by law documented in various forms in agencies with specific responsibility for administering them such DOL and VA.

## Political Analysis

### Key Stakeholder and their conflicting Support

*"The way veterans' preference works is that when a hiring decision comes down to two equally qualified candidates and one is a veteran, the veteran gets hiring preference, anyone who believes otherwise is misinterpreting the law."* – Rep. Jeff Miller (R-Fl.), Washington Post, 2016.<sup>38</sup>

This assertion followed the passage of a provision by the Senate Armed Services Committee to scale back veteran's preference. The provision was included as part of the National Defense Authorization Act (NDAA) for the 2017 fiscal year. The excerpt below was captured from the proposal in the bill.<sup>39</sup>

Limitation on preference eligible hiring preferences for permanent employees in the competitive service (sec. 1134)

The committee recommends a provision that would limit the application of points for preference eligible hiring to the first appointment of a preference eligible candidate in a permanent position in the competitive service.

In other words, preference eligible veterans hired as federal civilians post-military service will only be eligible to use that preference at the initial entry into the government. Preference eligibility would end at that point instead of being able to apply for subsequent positions in the government using preference. In defense of this provision in the bill Senate Armed Services Committee Chairman, John McCain is quoted

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<sup>38</sup> Rein, Lisa. "Senate Votes to Scale Back Federal Job Preferences for Veterans." The Washington Post. June 17, 2016. <https://www.washingtonpost.com/news/powerpost/wp/2016/06/17/tktk-veterans/>.

<sup>39</sup> "National Defense Authorization Act for Fiscal Year 2017." Report 114–255 to the Committee on Armed Services - The United States Senate. May 18, 2016. <https://www.congress.gov/114/crpt/srpt255/CRPT-114srpt255.pdf>.

in the same report explaining that the bill “achieves balance by ensuring veterans still have the ability to get a foot in the door for federal civilian employment, after which they stand on merit.”

After weeks of deliberation and robust opposition from members in the House of Representatives and veterans advocate groups, Senator McCain relented.<sup>40</sup> The provision was eventually negotiated out of the bill. As was apparent in this scenario, veterans’ preference hiring is a sensitive issue with lawmakers. The federal hiring policy enjoys broad support from key stakeholders. Like the previous and other administrations before it, this administration has shown a commitment to support veterans. Veteran advocacy and watchdog organizations have also shown support for the policy. For example, the American Legion publicly challenged the Senate Armed Services Committee proposal and assisted members of the House of Representatives to draft other legislation – H.R 4527, the Military Retiree Employment Act - facilitating the hire of veterans by the DOD in certain fields.<sup>41</sup> The Iraq and Afghanistan Veterans of America, another veterans’ advocacy group and the American Federal Government Employees Union, the largest federal employee union, both voiced their opposition to rolling back veterans hiring privileges. Veterans themselves are at the heart of this debate. And among veterans there are varying degrees of support for preference hiring. Recall it was members of the Defense Department who initiated this action with the

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<sup>40</sup> III, Leo Shane. "McCain Agrees to Drop Veterans Hiring Preference Changes from NDAA." Military Times. August 08, 2017. <https://www.militarytimes.com/veterans/2016/10/06/mccain-agrees-to-drop-veterans-hiring-preference-changes-from-ndaa/>.

<sup>41</sup> "A Review of Veterans' Preference in Federal Government Hiring." The American Legion. April 20, 2016. <https://www.legion.org/legislative/testimony/232485/review-veterans-preference-federal-government-hiring>

Senate Armed Forces Committee, claiming that this less merit based approach has led to better qualified non-veteran candidates being passed over for less qualified veterans to fill certain roles.

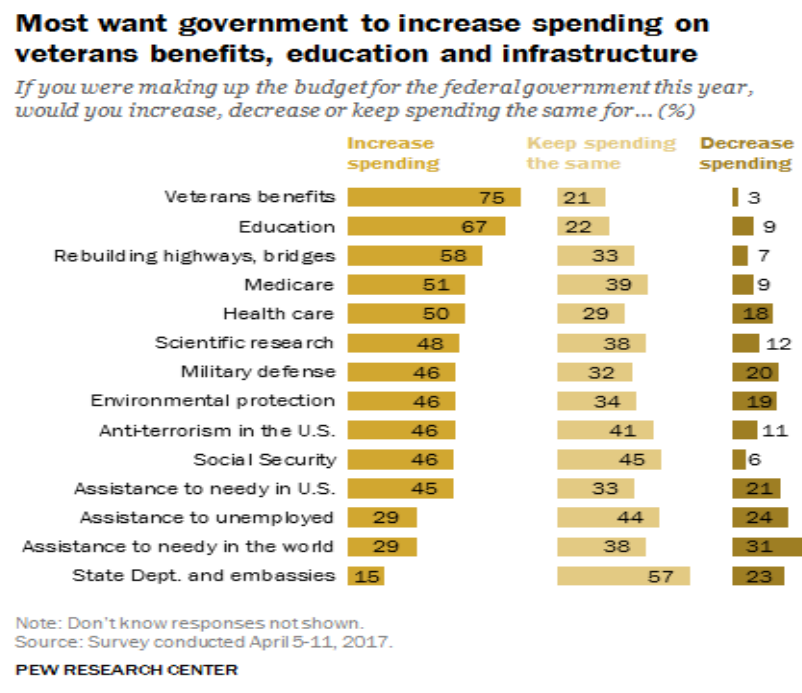
### **Public Support for the Policy**

According to the Pew research Institute, most Americans back increased spending for veterans' benefits and services. A national survey conducted in April, 2014 among 1,501 adults found strong support for maintaining or increasing federal spending on veterans' benefits and services. The survey sought feedback on 14 specific program areas. The public expressed strongest support for increased federal spending on veterans' benefits.<sup>42</sup>

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<sup>42</sup> "With Budget Debate Looming, Growing Share of Public Prefers Bigger Government." Pew Research Center. April 24, 2017. <http://www.people-press.org/2017/04/24/with-budget-debate-looming-growing-share-of-public-prefers-bigger-government/>.

**Figure 6 – Snapshot of Pew Research Center Poll on Public Spending Priorities**



The figure above captured from the Pew Research Center (PRC) poll<sup>43</sup> illustrates that about 75% of those surveyed expressed a desire to increase spending on veterans' benefits and services; 21% said they would keep spending the same. Pew's reporting showed growing public support for spending on veterans' benefits. Subsequent reporting reiterated the support this issue enjoys in public discourse, bipartisan support. Policymakers therefore see great incentive in aligning themselves with an issue that enjoys such strong public support.

<sup>43</sup> Pew Research Center is a nonpartisan fact tank providing research and analysis to the public about the issues and trends shaping the world. Pew conducts public opinion polling, demographic research, media content analysis and other empirical social science research. Pew Research Center does not take policy positions.

## What's at Stake?

- i. The impact of any action on veterans' preference will be first felt by veterans themselves. A stable source of income is critical to helping former service members reintegrate themselves and families post military service. The 2009 Executive Order Executive Order 13518, *Employment of Veterans in the Federal Government* was directly aimed at helping Iraq and Afghanistan veterans to transition into stable employment while the government taps into a ready skills pool. This is a skills pool that the government has already used taxpayer dollars to train extensively, in a broad array of specialties. Further, the direct impact on the lives and livelihood of veterans is primarily what is at stake here.
- ii. Political Interests and Leverage – politicians understand that the sensitivity of public sentiments around issues related to American service members. They do not want to be perceived as contributing to the hardship of veterans. The handling of the recent Department of Veterans Affairs (VA) scandal which resulted in the firing of VA Secretary David Shulkin gives some indication about the Administration's direction on veterans' issues. Shulkin reported being under significant political pressure to take the agency in a certain direction.<sup>44</sup> Additionally, so does Senator John McCain's relenting and removing that provision limiting veterans' preference from the NDAA bill.

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<sup>44</sup> Wamsley, Laurel, and Scott Neuman. "Fired VA Secretary Says White House Muzzled Him." National Public Radio. March 29, 2018. <https://www.npr.org/sections/thetwo-way/2018/03/29/597866101/fired-vasecretary-says-white-house-muzzled-him>.



McCain was not willing to expend political capital pushing an already controversial issue in what was an election year for him in the state of Arizona.

- iii. Good policy or good politics? To the extent that veterans are receiving the support they need when they transition to civilian life after service in the armed forces, veterans' preference constitute good policy. But like any policy, there will be unintended consequences. The legitimacy of the concern from DOD and Pentagon officials about some of the negative impacts of this hiring policy should not go unaddressed. After all, the DOD is the largest employer of veterans. This should give some credibility to their concern. Both lawmakers and agency officials have a shared interest in ensuring that critical national security roles are filled with candidates possessing the appropriate skillsets. Policymakers should consider alternative approaches to mitigate those negatives impact, while preserving the benefits to veterans and their families.

## Political Strategy

"Americans have more confidence in the military than in any other U.S. institution, and this high regard extends to military veterans as well..."<sup>45</sup> Gallup conducted this poll in the lead up to the 2016 presidential elections. The table below is a modified version of the response report. It sought to measure views on proposals made by the candidates running for president to reform the VA and increase spending on infrastructure.

**Table 12 – Snapshot of Tabulated Response from Gallup Tracking Report**

Category	Agree %	Disagree %	Don't know %
Allow veterans to get healthcare at any healthcare provider that accepts Medicare, not just Veterans Administration medical facilities (proposed by Trump, Cruz)	91	2	6
Spend federal money to modernize the Veterans Administration (proposed by Trump)	74	7	19
Spend more federal money to improve infrastructure, including roads, buildings and waterways (proposed by Clinton, Sanders, Trump)	75	11	13

Source: Gallup Daily Tracking, March 9-13, 2016

Note that overwhelmingly, Americans have and continue to support actions to improve the lives wellbeing of veterans. Further, the two proposals relating to VA spending constituted a key part of this administration's campaign platform. The then republican nominee – Donald Trump – articulated an ideas that prioritized support for veterans' services. Trump also criticized his predecessor in reacting to the 2014 controversy over the quality of healthcare veterans were receiving.

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<sup>45</sup> Newport, Frank. "Americans Say "Yes" to Spending More on VA, Infrastructure." Gallup. Inc. March 21, 2016. <http://news.gallup.com/poll/190136/americans-say-yes-spending-infrastructure.aspx>.

According to the Gallup report, veterans also supported the republican candidate in larger numbers than they did the democratic candidate. Arguably, with 91% of those surveyed supporting spending to improve benefits for veterans and a mere 2% disagreeing, American in general, and veterans in particular have provided the administration with a mandate to help veterans.

Given the moral and political sensitivity around this issue and policy, the Senate Armed Services Committee should pursue a collaborative approach to understanding the concerns of executive agencies as well as veterans' services advocates. Agencies are on the operational end of conducting the nation's business. They are better familiar with their human resource needs than the politicians. They also know more about the skills required to perform certain key roles. On the other hand, veterans' service advocates such as the American Legion – the most vocal opponent of the change, are better positioned to understand the needs of transitioning and former service members. A strategy that brings the various stakeholders together and includes additional stakeholders such as the private sector, state and local agencies to hammer out a common approach to meet both objectives is the most feasible.

**The wins:**

- It sends the appropriate message to both constituencies, that each of their concerns is legitimate;
- It would strengthen alliances with state and local agencies, businesses, and community leaders on the shared goal of employing veterans;

- In substance, it addresses some of the unintended consequences of a hiring policy that has employed about 1/3 of the federal workforce;
- Such a collaboration could produce results that informs other strategies to align federal and other hiring/employment efforts (private sector) for veterans.

### **Recommendations**

This proposal and analysis paint a picture of ongoing efforts by the federal government to improve the legal and administrative framework that support veterans preference hiring. The effort has spanned decades. But despite the ever present claims of unfairness and opposition to this policy, the goodwill of the American citizenry towards their troops has sustained it. Americans demonstrate an abiding respect for the men and women who volunteer to defend the nations' values. The public opinion polls reiterate their sentiments to support veterans as they transition back to civilian life. Politicians understand these facts so despite some of the unintended consequences of the policy, they continue to support it. The next best course of action therefore appears to be finding the most effective approach to administer this policy. This proposal, in general, is replete with alternatives to how veterans' preference hiring has been managed in the past. This section summarizes those approaches.

1. The federal government is not the only public personnel system that has made hiring veterans a priority. State governments, local municipalities and some private sector entities have stepped up efforts to help ease the transition of veterans' back into the civilian labor force. At the end of 2014, four states (Massachusetts, New Jersey, Pennsylvania, and South Dakota) were granting

veterans absolute preference. They hired qualified veterans ahead of qualified nonveterans. The other 46 states were using point systems similar to the federal system.<sup>46</sup> The table below illustrates that over the last three decades, the federal government has been most successful in attracting veterans to the labor force. While state, local governments and private sector enterprises have attracted veterans in smaller numbers, they have been strengthening preference hiring as the legal climate permits – considerations for EEOC violations.<sup>47</sup> The Senate Armed Services Committee in collaboration with Council for Veterans Employment should therefore work more closely with non-federal entities to streamline veterans hiring efforts. This would reduce some of the pressure off the federal government to hire veterans, while allowing veterans a broader range of options for post-military careers.

**Table 13 - Representation of Veterans by Sector, 1980–2010.**

<b>Category</b>	<b>1980</b>	<b>1990</b>	<b>2000</b>	<b>2010</b>
<b><i>Federal government</i></b>	46.0	37.9	31.4	25.7
<b><i>Local governments</i></b>	30.6	20.3	14.1	8.1
<b><i>State governments</i></b>	26.5	18.2	13.6	8.3
<b><i>For-profit firms</i></b>	28.4	17.5	12.3	7.5
<b><i>Nonprofit organizations</i></b>	—	11.6	8.2	5.2

**Source:** Percentage of Employees Who are Veterans, DOL, Bureau of Labor Statistics Reports, 1980-2010

<sup>46</sup> Lewis, Gregory B., and Rahul Pathak. "The Employment of Veterans in State and Local Government Service." *State and Local Government Review* 46, no. 2 (2014): 91-105.

<sup>47</sup> The Equal Employment Opportunity Commission (EEOC) is the federal agency responsible for enforcing employment discrimination laws.  
<https://eeotraining.eeoc.gov/profile/web/index.cfm?PKwebID=0x2547d970&varPage=home>

2. Robust training and education efforts – such as that employed by the Department of Energy (DOE) – explaining the correct and appropriate use of the hiring authorities have proven successful in mitigating concerns of unfairness and nepotism when hiring veterans.
- Continue to emphasize uniformity and consistency in the approach agencies use across the government with respect to how they administer the Veterans' Employment Initiative. The model adopted by the Council on Veterans Employment (CVE) requiring mandatory periodic reporting on various performance measures provide a good example.
- The CVE, through OPM, DOL and VA should create and formalize an approach to quantifying the cost around veterans' recruitment and retention. The concern is that such efforts will create more constraints around employment efforts. The counter argument is that in a constrained budgetary environment, this should encourage efficiency in personnel outcomes.

## **Curriculum Vita**

The opportunity to review the veterans' preference hiring policy was a high point among my professional work experiences. This effort has contributed to furthering the conversation for improving employment opportunities in the public sector for veterans, while identifying ways to improve merit-based appointments to civil service roles. My current role in the Office of the Deputy Assistant Secretary for Human Resources/Chief Human Capital Officer (DASHR/CHCO) within the U.S. Department of Treasury provide me with the exposure to participate in these efforts. Whether it be through the Veterans Employee Resource Group (VERG) within the Department of Treasury or through collaborative efforts with the Office of Diversity and Inclusion with the U.S. Office of Personnel Management (OPM), this effort has illuminated a path to future endeavors to refine recruitment and retention policy that lead to the best personnel outcomes.

While my own active duty service in the U.S. Navy ignites my passion for this policy, my professional background in education from elementary school teacher to adjunct professor may have influenced my bias for education and training as germane to the approach. My academic training in economics (Bachelors of Science, University of Guyana) and sociology (Masters of Science, Morgan State University) influenced my perspective on the substantive basis of this policy proposal. Despite these achievements, my proudest work has been my journey in public service which began in 2009 when I enlisted in the U.S. Navy. I look forward to continuing to serve this country and Americas veterans in a federal civilian role.